

Date: April 14, 1997

DSL-BQA-97-016

To: Ambulatory Surgical Centers

ASC 02

From: Judy Fryback, Director
Bureau of Quality Assurance

Health Care Financing Administration Regional Program Letter No. 97-03, regarding recognition of standards for Ambulatory Surgical Centers by two other accreditation bodies.

Attached is a copy of Health Care Financing Administration (HCFA), Division of Health Standards and Quality, Regional Program Letter No. 97-03. This letter deals with the final notification for recognition of Ambulatory Surgical Center (ASC) standards of the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and the Accreditation Association for Ambulatory Health Care (AAAHC). It also provides instructions for the implementation of the final notice. Both JCAHO and AAAHC have established a deemed status accreditation process for those facilities that are eligible. Care needs to be taken to ensure that the proper procedure for the correct accreditation type is followed.

Questions regarding this information can be forwarded to Stephen D. Schlough, P.E., Chief, Health Services Section at (608) 266-3878.

Refer to: CR5

March 1997

Division of Health Standards and Quality Regional Program Letter No. 97-03

Subject: Final Notice for Recognition of Ambulatory Surgical Center Standards of the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and the Accreditation Association for Ambulatory Health Care (AAAHC)

The purpose of this letter is to issue instructions for the implementation of the final notice published in the Federal Register (attached) effective on December 19, 1996, granting deemed status to ambulatory surgical centers (ASCs). ASCs may request to participate in the Medicare program based on accreditation by either the JCAHO or the AAAHC under their respective deemed status accreditation survey processes.

Both the JCAHO and the AAAHC accredit several types of outpatient surgical facilities. Some of these facilities meet the Medicare definition of an ASC and others do not. Consequently, both organizations have established a deemed status accreditation process for those facilities that are eligible to participate in the Medicare program as an ASC. An ASC accredited by either JCAHO or AAAHC under its deemed status accreditation process is deemed to meet the Medicare ASC conditions for coverage.

Both the JCAHO and the AAAHC's deemed status accreditation processes for ASCs include unannounced surveys every three years. The processes also include determining compliance with several Medicare-related requirements that are not applicable to some other types of ASCs accredited by these organizations. Also, deemed ASCs must meet the State's licensure requirements.

It is important to ensure that an ASC requesting participation in the Medicare program is accredited under the applicable accreditation organization's deemed status accreditation process. The letter an accredited ASC receives from the accreditation organization will explicitly state whether the ASC has been accredited under the organization's Medicare deemed status accreditation process.

Accredited ASCs that currently participate in the Medicare program are not automatically granted deemed status as of the December 19 effective date. This is because ASCs accredited prior to December 19, 1996, will not have undergone the "deemed status" accreditation survey process. They will continue to participate in the Medicare program under the routine survey and certification process applicable to all ASCs until they elect and become accredited under the "deemed Status" accreditation process. An ASC's deemed status is based on the ASC being accredited pursuant to the applicable accreditation organization's deemed status accreditation process.

As soon as it decides to ask the accreditation organization to conduct a deemed status accreditation survey, the Medicare-approved ASC should notify the SA of its intention to avoid the SA and accreditation organization conducting a survey of the ASC within the same timespan.

Non-Medicare approved, unaccredited ASCs that wish to participate in Medicare and plan to become accredited under an organization's deemed status accreditation process have the option to await the outcome of the accreditation decision or undergo the Medicare survey process by the SA. An ASC may: 1) become accredited and then notify the SA that it is requesting Medicare approval under the deemed status process, or 2) request the SA to conduct an initial survey and recommend Medicare approval and after becoming accredited, notify the SA of its deemed status. A non-Medicare, accredited ASC that wishes to participate in the Medicare program as a deemed ASC also has these options.

After the accreditation organization accredits an ASC under its deemed status process, it notifies the applicable SA and HCFA regional office. However, it remains the responsibility of an ASC to notify the SA that it intends to participate in the Medicare program as a deemed ASC. The ASC should send the SA a copy of the accreditation letter it receives from the accreditation organization.

The SA should execute a Certification and Transmittal, HCFA-1539, to report all ASCs using deemed status. If the ASC is currently participating in the Medicare program, the SA will remove the ASC from its survey schedule. The Health Care Financing Administration (HCFA) regional office (RO) will amend its records to reflect the accreditation status of the ASC.

If during the Medicare survey of an ASC, the ASC informs the SA that it is planning to request accreditation for deemed status, the SA should complete the survey in process.

An ASC not participating currently in Medicare, that becomes accredited under the deemed status accreditation process and wants to participate in the Medicare program must notify the SA of its interest and accreditation status. The SA will provide the ASC with a certification package consisting of the following documents, which must be completed and returned, along with a copy of the accreditation letter, to the SA.

- Form HHS-441, Assurance of Compliance with the Department of Health and Human Services Regulations under Title VI of the Civil Rights Act of 1964, and applicable attachments;
- Form HCFA-1513, Ownership and Control Interest Disclosure Statement;
- Form HCFA-370, Health Insurance Benefit Agreement; and
- Form HCFA-377, ASC Request to Establish Eligibility in the Medicare and Medicaid program.

Upon receipt of a complete certification package and evidence of accreditation (based on the deemed status survey), the SA will notify the HCFA RO of the accreditation. An ASC requesting to participate in the Medicare program by virtue of accreditation under the deemed status process must still complete the required paperwork with the SA and HCFA. Once the required forms are submitted, HCFA will issue a Medicare supplier number to the ASC.

HCFA retains the responsibility for:

- Determining whether an ASC is provider-based. SAs should collect information from the ASC to assist the RO in this determination in accordance with the Provider-based program memorandum, Program Memorandum Intermediaries, Transmittal No. A-96-7, August 1996.
- Determining and processing changes of ownership;
- Ensuring that the HCFA-1513, Disclosure of Ownership; HCFA-370, Agreement; and HCFA-377, application; Title VI form and applicable attachments have been completed, signed and executed as necessary;
- Assigning an effective date of participation in Medicare (the effective date for an accredited ASC applying to participate in the Medicare program is the effective date of the ASC's accreditation as determined by the accreditation organization); and
- Reinstatement of an ASC after termination pursuant to 42 CFR 416.35(e).

An ASC is no longer deemed to meet the requirements to participate in Medicare if it:

- Voluntarily withdraws from the JCAHO or AAAHC accreditation program;

- Involuntarily loses its JCAHO or AAAHC accreditation; or
- Is found not to meet one or more CoP as a result of the SA conducting a validation survey (representative sample or complaint). In such a case, the ASC will be subject to the participation requirements applied to all ASCs following a Medicare survey. (Instructions regarding implementing the validation survey process will be issued later.)

If you have any questions regarding this matter, please contact your Program Representative or Sally Jo Wieling of my staff at (312) 353-8853.

/s/ Charles Bennett
Branch Chief
Program Support Branch
Division of Health Standards and Quality